

The Experiment

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What picture would you get if you put 100 random Utah workers in a room and asked them about what they did and how much they made? What kind of jobs would they have? Would they be a relatively low-paid group, or would there be a bunch of well-paid professionals in attendance? These questions and many more are important not only to policymakers and economists, but also to every citizen of the state of Utah. Everyone can appreciate that higher wages translate into higher personal income and to a better quality of life – something we all want.

So, to answer the questions posed by our little thought experiment we turn to data collected by the Occupational Employment Statistics (OES)

program of the Bureau of Labor Statistics. The OES collects wage data and provides employment estimates for hundreds of different jobs in the United States.

The Experiment

After randomly selecting 100 Utah workers, what do we see? Perhaps the most striking thing is that 60 of those selected are making less than \$15.00 an hour, with 31 of those making less than \$10.00 an hour. What are these people doing that earns that kind of wages? Well, we can pinpoint three retail salespeople, three cashiers, two janitors, two office clerks, and two customer service

representatives, among many others. The other 48 workers represent 268 different occupations, covering roughly 45 percent of all the occupations in Utah.

Beyond those that make less than \$15.00 an hour, 30 workers in the room would be making between \$15.00 and \$24.99 an hour. Among these folks there would be two heavy truck drivers, a carpenter, an elementary school teacher, an electrician, a registered nurse, and an accountant. The other 22 workers would represent 235 other occupations, or about 40 percent of occupations in Utah.

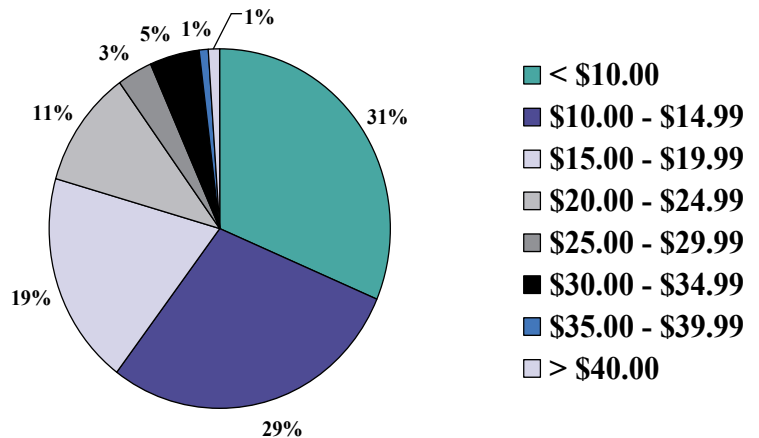
So, after covering 90 of the 100 workers in the room and 85 percent of the occupations in the state, who do we have left? Well there would be three people who made between \$25.00 and \$29.99, five people with wages between \$30.00 and \$34.99, and two people who made more than \$35.00 an hour. These last ten workers represent 98 different occupations, so nailing them down to a single occupation is difficult. However, there would most certainly be at least one computer programmer and one general manager in the group.

Woe is Utah?

While our 100 hypothetical workers are getting to know each other, we have time to consider if wages in Utah are much lower than those of some of our neighbors. If you took a similar 100 worker sample from our eastern neighbor, Colorado, 50 of those workers would make less than \$15.00 an hour – 10 fewer than Utah. Perhaps a better comparison would be with Nevada, a fast growing state like ourselves, where 62 workers would be making less than \$15.00 an hour. One point worth noting is that in both states the number of people making less than \$10.00 an hour is significantly smaller than in Utah.

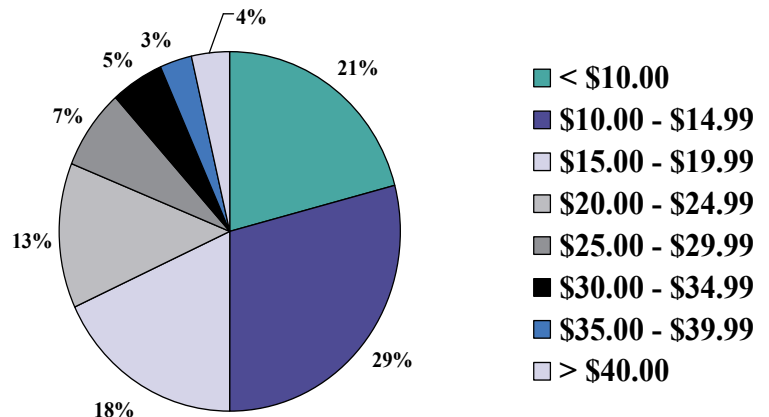
Do these numbers mean that Utah's workers are paid significantly less than those in other states? Not necessarily. The numbers generated by the OES program are nominal figures, which do not take cost-of-living differences into account. Nominal wages in Utah may be lower, but after adjustment they may be quite competitive. Another factor that is undoubtedly important is the state's demographic mix. Utah has one of the youngest workforces in the nation, thus it isn't shocking that there would be more workers – think teenagers – working for less than \$10.00 an hour. ⓘ

Utah Hourly Wages



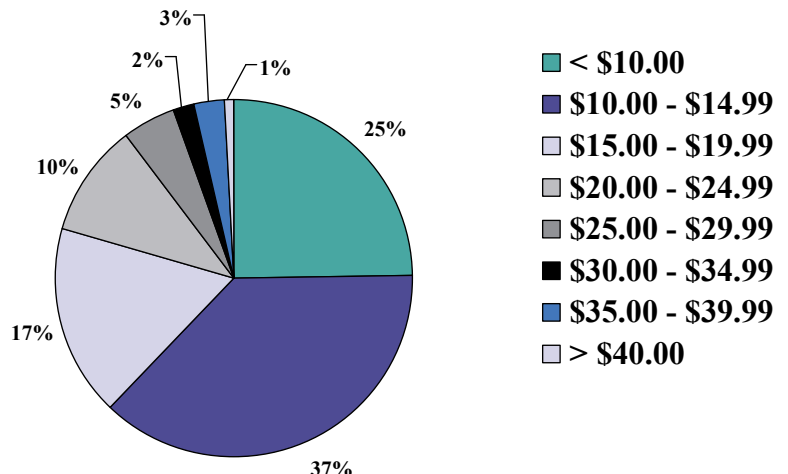
Source: Bureau of Labor Statistics (OES Data, November 2004 Panel)

Colorado Hourly Wages



Source: Bureau of Labor Statistics (OES Data, November 2004 Panel)

Nevada Hourly Wages



Source: Bureau of Labor Statistics (OES Data, November 2004 Panel)